

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 ROME 000834

SIPDIS

DEPT FOR EB/IPC WILSON,
DEPT PLS PASS TO USTR ALVAREZ, DOC LASHLEY, USPTO URBAN,
LOC TEPP
USDOC FOR 4220/MAC/EUR/SED/DDEFALCO

E.O. 12958: N/A

TAGS: [KIPR](#) [ECON](#) [ETRD](#) [ECON](#) [ETRD](#) [IT](#) [ITKIPR](#)

SUBJECT: MISSION ITALY INPUT FOR 2003 SPECIAL 301 REVIEW
UNCLASSIFIED

PAGE 02 ROME 00834 01 OF 02 280639Z

REF: A. SECSTATE 43684

[1](#)B. 02 ROME 844

[1](#)1. SUMMARY: MISSION ITALY RECOMMENDS THAT ITALY REMAIN ON THE 301 WATCH LIST. OVERALL FREQUENCY OF COPYRIGHT PIRACY HAS LEVELED OFF OR FALLEN SLIGHTLY SINCE 2000, WHEN ITALY'S NEW COPYRIGHT LAW WAS ENACTED. NONETHELESS, TOTAL LOSSES DUE TO PIRACY ARE MOUNTING AND ITALY'S PIRACY AND COUNTERFEITING RATES REMAIN AMONG THE HIGHEST IN WESTERN EUROPE. LAW ENFORCEMENT IN SOME CITIES IS AGGRESSIVE. OFTEN, HOWEVER, THEY ARE OUTPACED BY ORGANIZED CRIME NETWORKS THAT USE NEW COPYING AND COUNTERFEITING TECHNOLOGIES AND DISTRIBUTION MODALITIES TO EVADE THE LAW. TENACIOUS PROBLEMS REMAIN REGARDING THE JUDICIARY, CERTAIN MUNICIPAL LEADERS, AND THE SIAE (ITALY'S COPYRIGHT ROYALTY COLLECTION AGENCY).
END SUMMARY.

[1](#)2. THE IPR SITUATION IN ITALY IMPROVED ONLY SLIGHTLY IN 2002, WITH PIRACY LEVELS REMAINING THE SAME IN MOST SECTORS ACCORDING TO THE INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE (IIPA). THE ENACTMENT OF THE 2000 COPYRIGHT LAW IN SEPTEMBER 2001 RAISED CRIMINAL PENALTIES AND LED TO INCREASED AWARENESS AMONG LAW ENFORCEMENT OFFICIALS AND THE PUBLIC THAT PIRACY IS A CRIME. 2002 HAS BEEN AMONG THE BEST YEARS FOR PIRACY ENFORCEMENT IN ITALY. FIFTEEN HUNDRED PEOPLE WERE ARRESTED AND 2 MILLION CDS WERE SEIZED. HOWEVER, MOST OF THOSE ARRESTED WERE IMMEDIATELY RELEASED. ALMOST ALL OF THOSE SENTENCED RECEIVED NO MORE THAN SIX MONTHS AND SERVED NO TIME IN JAIL. OF MANY RECENT RAIDS, ONE IN NOVEMBER 2002 SHUT DOWN AN INTERNET PIRACY RING WITH REVENUES OF 60 MILLION USD
UNCLASSIFIED

PAGE 03 ROME 00834 01 OF 02 280639Z
PER YEAR. THE RING WAS PIRATING A LARGE VARIETY OF ITEMS SUCH AS CAD SOFTWARE WITH A RETAIL VALUE OF 20,000 USD PER TITLE. MORE ARRESTS HAVE STEMMED CERTAIN FORMS OF PIRACY, PARTICULARLY IN CITIES WHERE THE MAYORS AND PREFECTS SUPPORT POLICE EFFORTS. BUT PIRATES ARE ALSO TAKING ADVANTAGE OF NEW, MORE DISPERSED DUPLICATION TECHNOLOGIES AND DISTRIBUTION NETWORKS WHICH ARE LESS VULNERABLE TO POLICE SEIZURES.

[1](#)3. ENFORCEMENT VARIES FROM CITY TO CITY, DEPENDING UPON MUNICIPAL OFFICIALS. FOR EXAMPLE, THE MAYOR AND PREFECT IN ROME HAVE BEEN UNWILLING TO ALLOW POLICE TO ACT AGAINST STREET VENDORS OF PIRATED MATERIAL. AS A RESULT, SUCH STREET SALES HAVE CONTINUED UNIMPEDED. OFFICIALS IN CERTAIN CITIES HAVE ATTEMPTED TO STOP LOCAL CARABINIERI FROM ACTING. ON THE OTHER HAND, TRIESTE CITY OFFICIALS HAVE BEEN VERY SUPPORTIVE. AS A RESULT, IN THAT CITY, STREET VENDORS OF PIRATED MATERIAL HAVE ALMOST DISAPPEARED AND PIRACY RATES ARE EXTREMELY LOW.

[1](#)4. PROSECUTORS AND JUDGES VARY IN QUALITY AS WELL. MOST PROSECUTORS ARE UNWILLING TO BRING CRIMINAL CHARGES AGAINST STREET VENDORS, FACTORY WORKERS OR SHOP WORKERS. JUDGES ARE USUALLY UNWILLING TO CONVICT, ARGUING THAT "MINOR" ECONOMIC CRIMES DO NOT JUSTIFY CRIMINAL TREATMENT.

USE / PROCUREMENT OF GOVERNMENT SOFTWARE

[1](#)5. WE HAVE RECEIVED NO COMPLAINTS/INFORMATION REGARDING GOVERNMENT USE OF PIRATED SOFTWARE.

UNCLASSIFIED

PAGE 04 ROME 00834 01 OF 02 280639Z

LEGISLATION

[1](#)6. ITALY AMENDED THE IMPLEMENTING REGULATIONS TO THE 2000 COPYRIGHT LAW IN EARLY 2003 TO PERMIT ROUTINE EXEMPTIONS FROM THE SIAE STICKER FOR BUSINESS SOFTWARE. THE ITALIAN PARLIAMENT APPROVED THE 2001 EU DIRECTIVES OMNIBUS BILL, WHICH DELEGATED AUTHORITY TO THE GOI TO INTEGRATE EU RULES GOVERNING COPYRIGHT INTO THE ITALIAN LEGAL CODE. IN 2002 THE ITALIAN GOVERNMENT PASSED LEGISLATION, INITIATED BY THE

MINISTRY OF INDUSTRY, WHICH CALLS FOR THE CREATION OF A DOZEN NEW SPECIALIZED ADMINISTRATIVE AND CIVIL IPR COURT SECTIONS, ALLOCATES FIVE MILLION EURO TO THE MODERNIZATION OF THE ITALIAN PATENT AND TRADEMARK OFFICE, AND CLEARS THE WAY FOR THE RATIONALIZATION OF ITALY'S PATENT AND TRADEMARK LAW. THE COMING YEAR WILL TELL WHETHER THESE INITIATIVES WILL BE EFFECTIVELY IMPLEMENTED.

SIAE: WHERE DO THE COLLECTIONS GO?

17. WE REMAIN CONCERNED BY THE INEFFECTIVE ANTI-PIRACY EFFORTS OF SIAE, THE COPYRIGHT ROYALTY COLLECTION ENTITY. IPR INDUSTRIES ARE WORKING INTENSIVELY -- WITH ACTIVE SUPPORT FROM EMBASSY ROME AND CONSULATES MILAN, NAPLES AND FLORENCE

UNCLASSIFIED

UNCLASSIFIED PTQ7210

PAGE 01 ROME 00834 02 OF 02 280639Z
ACTION EB-00

INFO	LOG-00	AGRE-00	AID-00	AMAD-00	CEA-01	CIAE-00	COME-00
	CTME-00	DINT-00	DODE-00	ITCE-00	DOTE-00	SRPP-00	EXME-00
	EUR-00	E-00	FAAE-00	UTED-00	VC-00	FRB-00	H-01
	TEDE-00	INR-00	ITC-01	LAB-01	LOC-01	L-00	VCE-00
	AC-01	NSAE-00	NSCE-00	OES-00	OMB-01	OPIC-01	PA-00
	PRS-00	ACE-00	SP-00	SSO-00	SS-00	STR-00	TEST-00
	TRSE-00	USIE-00	DRL-01	G-00	SAS-00	/009W	

-----3CCEC 280639Z /38

O 280545Z FEB 03
FM AMEMBASSY ROME
TO SECSTATE WASHDC IMMEDIATE 8502
INFO EU MEMBER STATES COLLECTIVE
AMCONSUL FLORENCE
AMCONSUL MILAN
AMCONSUL NAPLES

UNCLAS SECTION 02 OF 02 ROME 000834

SIPDIS

DEPT FOR EB/IPC WILSON,
DEPT PLS PASS TO USTR ALVAREZ, DOC LASHLEY, USPTO URBAN,
LOC TEPP
USDOC FOR 4220/MAC/EUR/SED/DDEFALCO

E.O. 12958: N/A
TAGS: [KIPR](#) [ECON](#) [ETRD](#) [ECON](#) [ETRD](#) [IT](#) [ITKIPR](#)
SUBJECT: MISSION ITALY INPUT FOR 2003 SPECIAL 301 REVIEW

UNCLASSIFIED

PAGE 02 ROME 00834 02 OF 02 280639Z
-- TO IMPROVE ENFORCEMENT AND EDUCATION. SO FAR, SIAE HAS BEEN MORE AN OBSTACLE THAN AN ALLY.

18. IN ACCORD WITH ARTICLE 11 OF THE 2000 COPYRIGHT LAW, SIAE IS RESPONSIBLE FOR ANTI-PIRACY EFFORTS IN ITALY. BECAUSE SIAE RECEIVES ALL REVENUES FROM ITS STICKER, WHICH IS REQUIRED FOR COPYRIGHTED MATERIALS UNDER THE LAW (WITH THE EXCEPTION OF BUSINESS SOFTWARE), IT HAS ADEQUATE RESOURCES FOR THESE EFFORTS. HOWEVER, SIAE APPEARS TO DIRECT ITS EFFORTS SOLELY AT INSPECTING LEGITIMATE COPYRIGHTED GOODS TO ENSURE THAT THESE CARRY A SIAE STICKER. SIAE HAS DONE NOTHING, TO OUR KNOWLEDGE, TO ACT AGAINST ILLEGALLY PRODUCED COPYRIGHTED GOODS.

19. INDUSTRY AND EMBASSY EFFORTS AT IPR EDUCATION AND ENFORCEMENT, WHILE EXTENSIVE, ARE NOT ENOUGH. OUR COMBINED EFFORTS HAVE IMPROVED THE SITUATION, PARTICULARLY WITH LAW ENFORCEMENT AND, IN SOME CASES, WITH THE JUDICIARY. HOWEVER, SIAE HAS THE NATIONAL RESPONSIBILITY AND THE RESOURCES. WE HAVE PRESSED SIAE TO INVOLVE ITSELF IN EDUCATION AND ENFORCEMENT EFFORTS, BUT HAVE SEEN NO ACTION YET.

WIPO TREATIES

110. ITALY HAS NOT YET RATIFIED THE 1996 WIPO COPYRIGHT TREATY NOR THE WIPO PERFORMANCE AND PHONOGRAMS TREATY.

OPTICAL MEDIA PIRACY (CDS, VCDs, DVDS)

UNCLASSIFIED

PAGE 03 ROME 00834 02 OF 02 280639Z
111. OVER THE PAST YEAR, THE LEVEL OF PIRACY HAS REMAINED ALMOST UNCHANGED, BUT THE METHOD OF PIRACY HAS CHANGED FROM LARGER VENUES TO SMALL-SCALE OPERATIONS USING COMMERCIAL CD-R BURNERS. PIRACY ACCOUNTS FOR AN ESTIMATED 23 PERCENT OF THE OVERALL MARKET IN ITALY, AND 50 PERCENT IN THE SOUTH OF ITALY. BURNED DVDS ARE QUICKLY REPLACING PIRATED VIDEOS. THE ESTIMATED LOSS TO THE U.S. MOTION PICTURE INDUSTRY DUE TO

AUDIOVISUAL PIRACY IN ITALY IS ESTIMATED TO BE 140 MILLION USD. DVD PIRACY IS EXPECTED TO GROW IN 2003, REQUIRING GREATER VIGILANCE BY THE POLICE AND DETERRENT SENTENCES BY THE COURTS. ILLEGAL IMMIGRANTS ARE OFTEN EMPLOYED TO SELL THE PIRATED GOODS ON STREET CORNERS THROUGHOUT ITALY. THERE HAS BEEN INCREASED MEDIA COVERAGE OF THE ISSUE, AND JUDGES ARE BEGINNING TO HAND DOWN SERIOUS SENTENCES FOR PIRACY.

COMMENT

12. THE IIPA RECOMMENDS THAT ITALY REMAIN ON THE WATCH LIST. IPR INDUSTRY REPRESENTATIVES HERE SHARE THAT ASSESSMENT. WE AGREE. AS ITALY BEGINS TO IMPLEMENT ITS TOUGH COPYRIGHT LAW, THE SITUATION IS IMPROVING, BUT MUCH REMAINS TO BE DONE. WE NEED TO KEEP OUR MARKER DOWN AND VISIBLE. END COMMENT.
SEMBLER

UNCLASSIFIED

>
2003ROME00834 - Classification: UNCLASSIFIED